



How Will Agricultural E-Markets Evolve?

Bill Pool

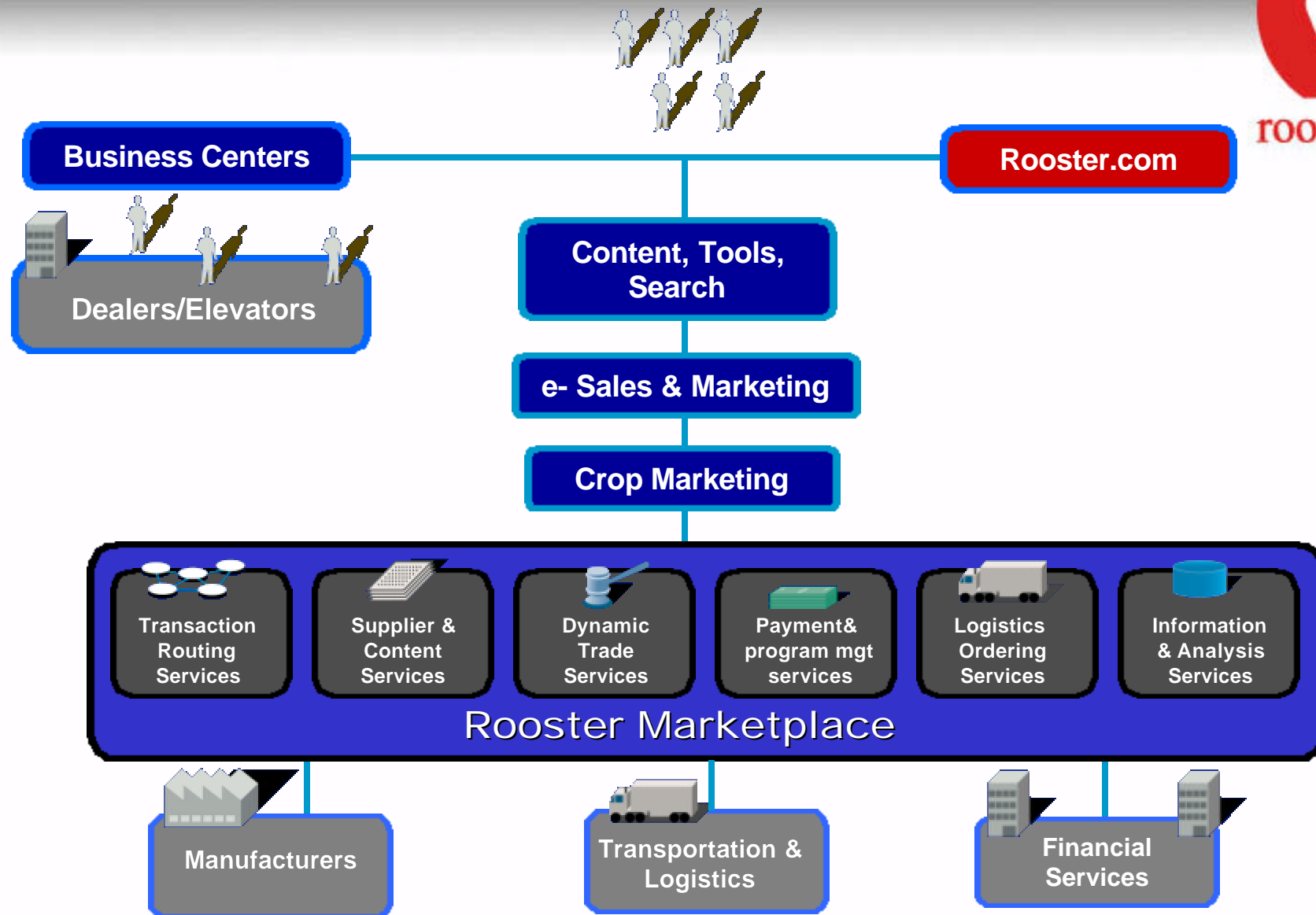
Director of Brand Marketing

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Agricultural E-Business



The “Connected” Marketplace



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The convergence of information technology, biotechnology, and production technology is driving the need for more coordinated supply chains and supply networks

- Agribusiness, at all levels in the supply chain is asset intensive; there is a need to continue to find uses for these physical assets;
- All participants must discover the business approach to balance hard goods/physical asset management with e-Business;
- New business norms and standards must be set across the industry to reap efficiencies of greater coordination and integrate multiple networks
- Complex food systems will require identity preservation and trace-ability

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- **Producers use Technology**

- Today's farming tools:
 - 85% use cell phones
 - 70% use a computer
 - 64% use a Satellite Information System
 - 49% use Yield Monitors
 - 22% use GPS system
 - 7% use a pager
 - 4% use a personal organizers



AgWeb, 2000

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Producer Barriers Limiting Involvement in e-Business

- Greatest challenge – marketing and profitability
- Want to benefit financially from e-business
- Need local crop marketing information
- Producers' buying decisions are influenced by:
 - Relationship (40%)
 - Product and service options (40%)
 - Price (20%)
- 80% of producers want local supplier involvement



Producer Barriers Limiting Involvement in e-Commerce

- 88% lack of post-sale follow-up service
- 79% transaction security & confidentiality
- 75% taking money out of community
- 64% personally assuming greater liability
- 57% lack of dealer pest planning

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Dealer/ Elevator Factors Influencing e-Business Involvement

- Dealers often viewed as the producer's trusted partner
- Provide majority of producers' product, service and informational needs
- Future profitability dependent on service offerings
- Maintaining brand identification is critical
- Margins being squeezed, need for increased efficiency
- Want to maintain strong customer relationships
- Not having an e-business strategy is a greater risk than internet price transparency
- Dealers want to be connected with suppliers



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- **What are processors and exporters saying?**
 - Maximize full capacity
 - Biotech grain has downside risk
 - Opportunity in value-added crops



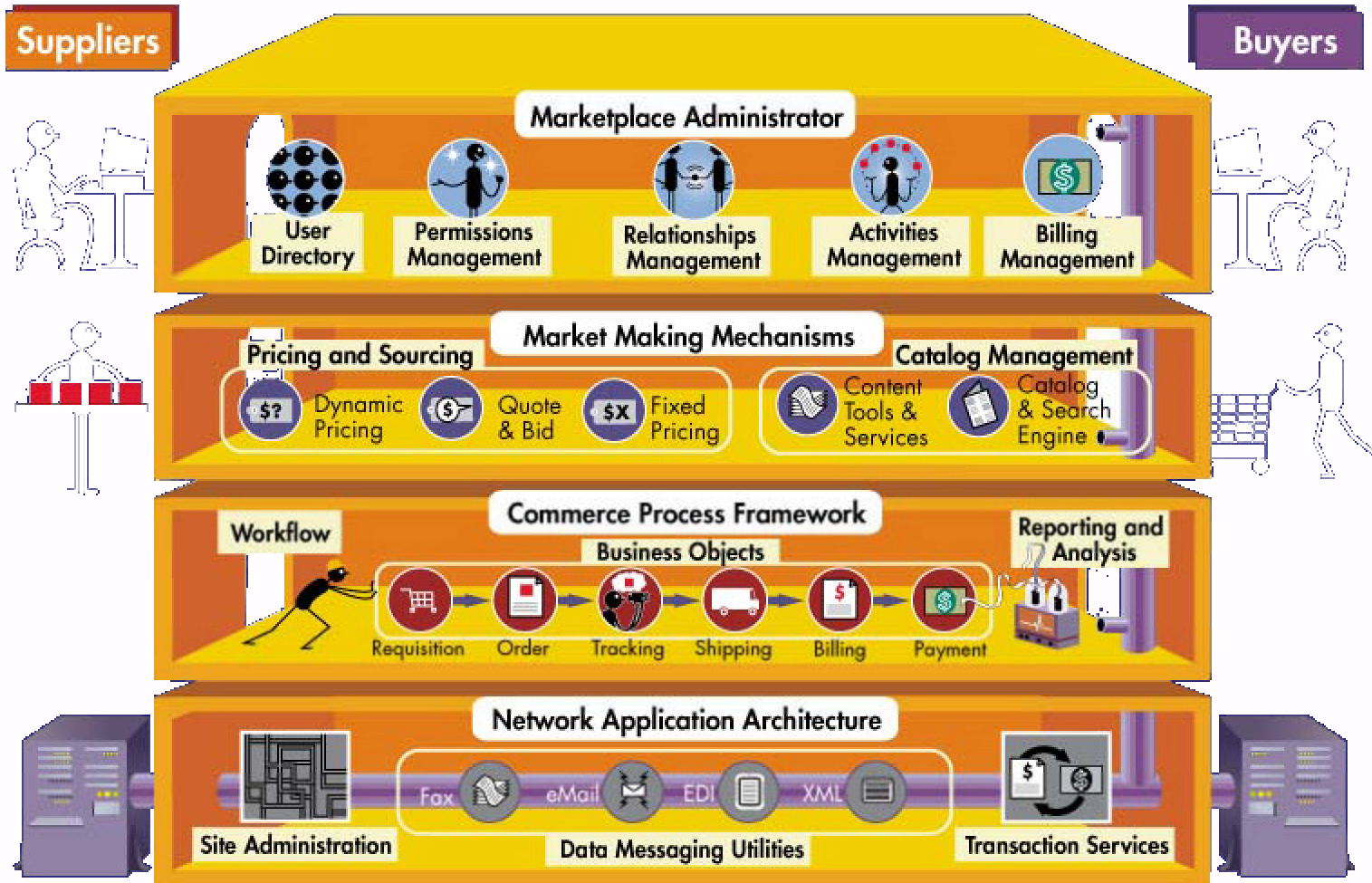


- **E-Business Benefits**
 - Everyone must share in profits
 - Local communities benefit
 - Elevators add more value to grain
 - Manual processes reduced

Channel Connectivity



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- **The E-Business Payoff**
 - More access to information
 - Better communication
 - Increased competitiveness

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- **USDA support needed**
 - Automated functions
 - Standards
 - Speed





- **Business Overview**

- Merger announced February 15, 2001
- Both independent entities
- Inclusive of entire supply chain
- Connect input & output sides
- Host open, neutral marketplaces
- Welcome all participants
- Link farm to market





- **Business Overview**
 - Host open, neutral marketplaces
 - Welcome all participants
 - Link farm to market



- **In conclusion**
 - Goal is market efficiency
 - Achieved through connectivity
 - Information access is key
 - Value flows back to producer



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— Thank
you!